

Nottingham Trent University

Consolidated and University

Financial Statements

as at

31 July 2019

Contents

Operating and Financial Review	3
Independent auditor's report to the Board of Governors of Nottingham Trent University	18
Statement of principal accounting policies	20
Consolidated and University statement of comprehensive income and expenditure	24
Consolidated and University statement of changes in reserves	25
Consolidated and University Balance sheet	26
Consolidated cash flow statement	27
Notes to the accounts	28

Operating and Financial Review

STRATEGY

We have a Strategic Plan which organises the University's ambitions under five key themes: Creating Opportunity, Valuing Ideas, Enriching Society, Connecting Globally and Empowering People.

Creating opportunity

All our students excel in developing the knowledge, skills, and resilience to play the positive role in society they envisage for themselves. They personalise their learning, combining theoretical rigour, practical relevance, and personal development. As the destination of choice for an increasingly diverse group of students and professionals, we collaborate with employers to challenge, surprise, and inspire all those who study with us.

Valuing ideas

We possess strong relationships and robust processes that enable discovery, drive innovation, and change the world, our students, and ourselves. They promote our disciplinary breadth, our intellectual depth, and our commitment to working across boundaries.

Enriching society

We play a leading role in the social, cultural, economic and environmental development of the City, East Midlands and United Kingdom. We deploy our resources and expertise in close alignment with strategic partners and engage with a wide range of organisations in order to enhance their prospects and those of our students.

Connecting globally

As an international University, we nurture global citizenship, engage with the international research community, and attract talented students and staff from around the world.

Empowering people

We champion an environment of collective pride in the University in which the contribution of our colleagues is recognised and respected. We encourage their creativity and voice and have a reputation for attracting, rewarding and retaining colleagues who share our ambitions and display the expertise, experience and enterprise to deliver them.

During 2018/19 work has begun on a new Strategy to 2025 through an extensive and inclusive process.

Throughout the process, conversation and consultation with colleagues, students, alumni and partners have been front and central. We sought input from a number of perspectives including: 65 external stakeholder interviews from civic and commercial organisations; an alumni survey in which over 5,000 former students participated; reports from visits to world renowned institutions; and interactions with our own colleagues' networks for Equality, Diversity and Inclusion, digital skills, and wellbeing.

In total, the process prompted nearly 600 unique colleague contributions to our strategy development through 23 events between September 2018 and April 2019.

Our collaboration with the Nottingham Trent Student Union (NTSU) has been critical to amplify and embed the student voice into the heart of strategy development. NTSU worked with students at Freshers' fairs, focus groups, and through targeted online surveys together to bring the voice of more than 4,000 students into the debate.

CORPORATE AND SOCIAL RESPONSIBILITY

Nottingham Trent University is a leader in corporate responsibility (CR), global citizenship and sustainable business practices. Commitment to our students, customers, staff, partners, communities and the environment is an integral part of the way we work. Operating with integrity and transparency, our aim is to embed CR throughout the organisation, integrating it with corporate strategy, decision making and risk assessment.

Every year, hundreds of our students volunteer to work in schools, colleges and community organisations, primarily in deprived areas where progression rates into university are lower than average. The students help to raise pupil aspiration and attainment and support local community groups, whilst developing their own skills and enhancing their experience at university.

Commitment to environmental sustainability is a key part of our strategy. NTU holds the externally-accredited Eco Campus Platinum and ISO 14001 status for its environmental performance and practices. We continue to maintain a leading position in the People & Planet Green League, in which we are ranked as a "First Class" University.

NTU helps to stimulate economic growth and development in the region through a number of initiatives including The Hive and Future Factory, through participation in a wide range of public events and provision of business services.

PRINCIPAL CORPORATE RISKS

Principal corporate risks are included as a standing agenda item each week at the meetings of the University Executive Team (UET) and are formally reviewed quarterly. This is part of an institution-wide Risk Management framework which has been developed and refined over a number of years. The Audit and Risk Management Committee has responsibility for ensuring that risk management systems are embedded and effective.

REGULATORY ENVIRONMENT

Legal status

Nottingham Trent University is a Higher Education Corporation (HEC) established under the provisions of the Education Reform Act 1988. The powers of the University are specified in section 124 of that Act and further articulated in the Further and Higher Education Act 1992.

Charitable status

As a HEC, the University has exempt charitable status (which derives from the Charities Act 1993 and its successor legislation). It is subject to regulation by the Office for Students (OfS) as the Principal Regulator of those Higher Education Institutions (HEIs) in England that are exempt charities.

The members of the Board of Governors are also the Trustees of the University for the purposes of charity law.

Scope of the financial statements

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for the Further and Higher Education Sector 2015 and FRS102, and in accordance with the accounts direction set out by OfS in its role as Principal Regulator for exempt-charity Higher Education Institutions in England (17/18 and 19/20 paragraph 12d).

The Financial Statements comprise the consolidated results of the University and its wholly owned subsidiary companies as follows:

- Nottingham Consultants Limited undertakes those activities which, for legal or commercial reasons, are more appropriately channelled through a limited company;
- Nottingham Conference Centre Limited provides conference and catering facilities for external clients;
- Nottingham Law School Legal Advice Centre Limited provides legal advice and information services to the local community and individuals in need, whilst providing practical experience to law students;
- Nova Centric Limited provides further and higher education courses in music, multi-media and communication;
- Confetti Constellations Limited provides education facilities and services for music, multi-media and communications courses, including the design, consultancy, supply and installation services for the provision of music, moving image, IT equipment and furniture;
- NTU Temporary Staff Limited provides temporary staff to the University;
- MTIF (BEZ) Limited provides goods, services and equipment to and for the University's medical technologies innovation facility.

All subsidiaries covenant the whole of any distributable taxable profits to the University, except for Nova Centric Limited which is a charitable company.

The consolidation includes the University's share of the net assets of BioCity Group Limited of which the University owns 50%.

FINANCIAL REPORT

The University has delivered a strong financial performance in the year, producing an operating cash inflow of £44.2 million. The loss for the year of £4.4 million includes accounting adjustments for pensions of £24.3 million which are based on an actuarial valuation at year end.

The high level of cash generation enables significant investment in the delivery of our Strategic Plan and in facilities and equipment to support teaching and research.

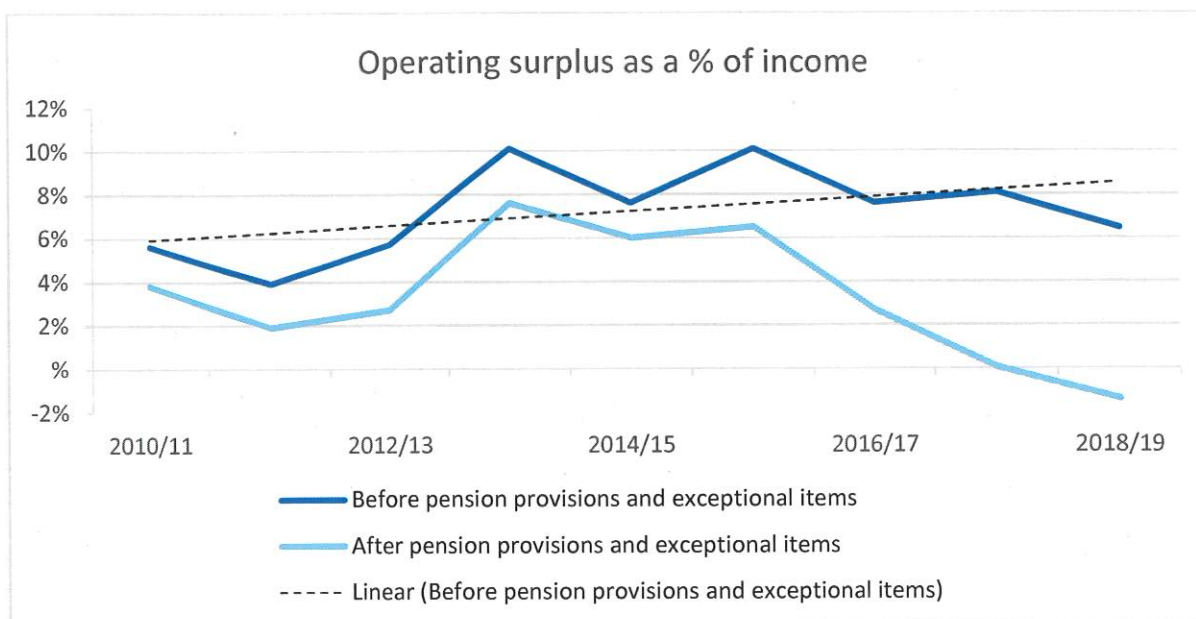
Income and Expenditure Account

The table below is a summary of the Income and Expenditure Account:

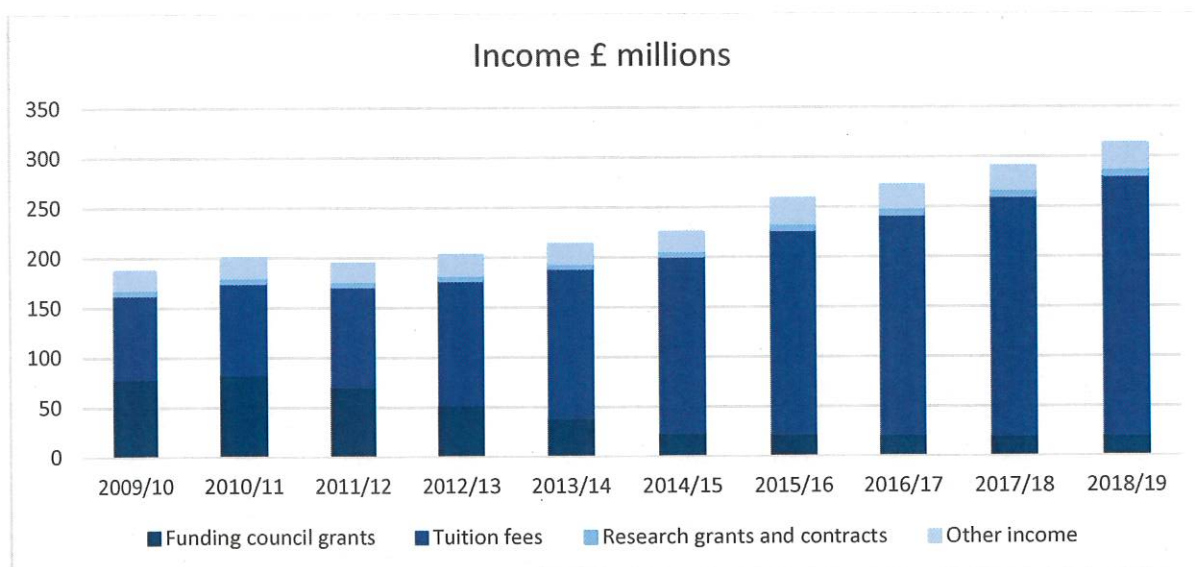
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Income	313.0	290.3	271.8	258.5	225.4
Expenditure	(292.9)	(266.8)	(250.5)	(233.1)	(205.7)
Surplus before pension adjustments and other gains/losses	20.1	23.5	21.3	25.4	19.7
FRS102 pension operating and finance costs	(24.3)	(17.1)	(13.6)	(9.4)	(9.7)
Exceptional Items	-	(6.9)	-	-	-
Operating surplus/(deficit)	(4.2)	(0.6)	7.7	16.0	10.0
Other gains/losses	(0.2)	0.7	(0.4)	0.7	-
Result for the year	(4.4)	0.2	7.3	16.7	10.0

The loss of £4.4 million represents -1.4% of income. Before pension provisions and other gains and losses the surplus is £20.1 million, 6.4% of income. Pension cost accounting adjustments relate primarily to the LGPS scheme. Actual contributions paid to the scheme, including deficit contributions, are £9.4 million. The accounting adjustments are in addition to contributions and are driven by factors such as the current year and prior year discount rate and pension increase assumptions, as well as return on net assets.

The trend in operating surplus is shown in the chart.

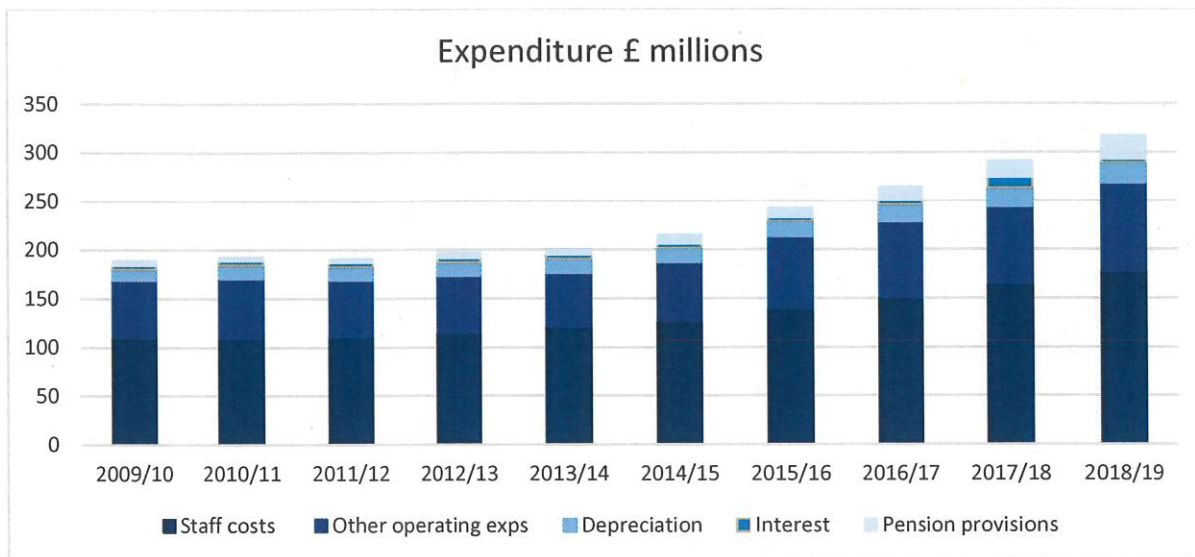


Income has grown by 7.8% year on year and by 39% over the last four years. Income from tuition fees represents over 80% of total income. Since 2009/10 funding council grant income has decreased by £63 million and now accounts for less than 7% of total income.



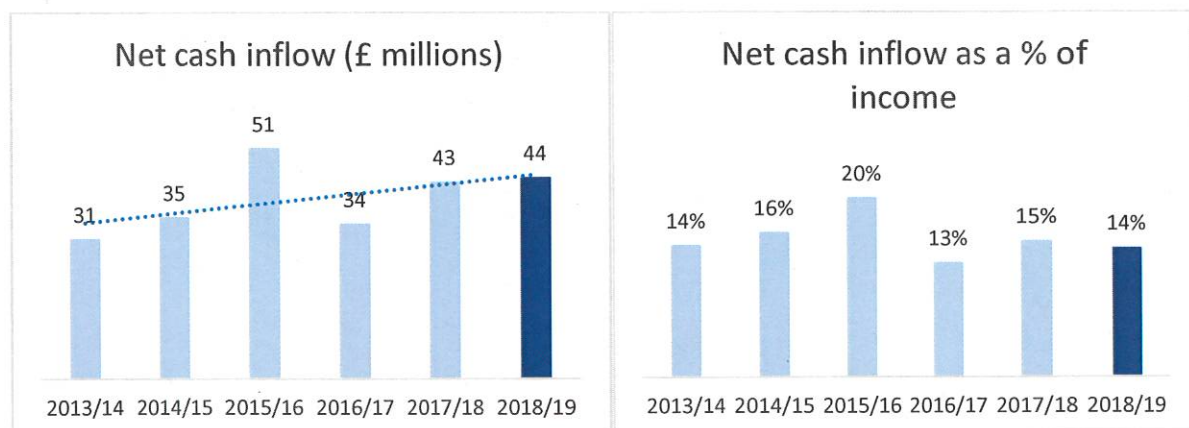
Expenditure in 2018/19 has increased by 9%. This increase in expenditure is due to higher pension accounting adjustments, as well as planned investment to support the implementation of the Strategic Plan.

Staff costs excluding pension operating cost adjustments represent 57% of total income (57% 2017/18).



Cash Flow

The University sets a minimum 10% Net Cash Inflow from Operations target as the key financial performance indicator. This target has been established to ensure investment capacity is created and to provide a sustainable financial model. In 2018/19 a net cash inflow from operations of £44 million and 14% of income was achieved, exceeding the long term financial plan target.



The treasury management policy prioritises security over returns and is formally reviewed annually by the Board of Governors.

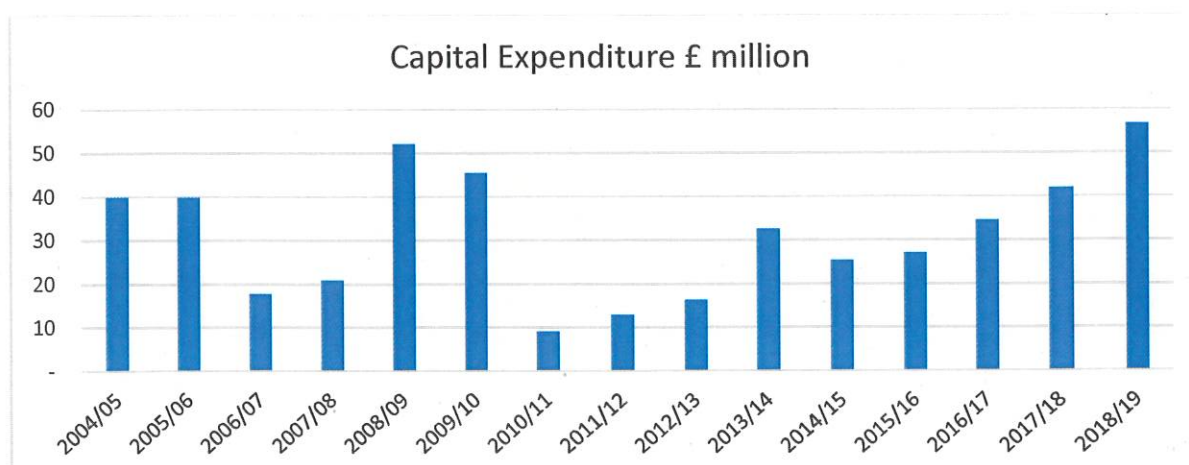
The University maintains a firm policy with regard to debtors. In respect of creditors, the University ensures prompt payment of suppliers and, subject to any other agreed contractual conditions, will normally make payment within 30 days following the date of invoice.

Balance Sheet

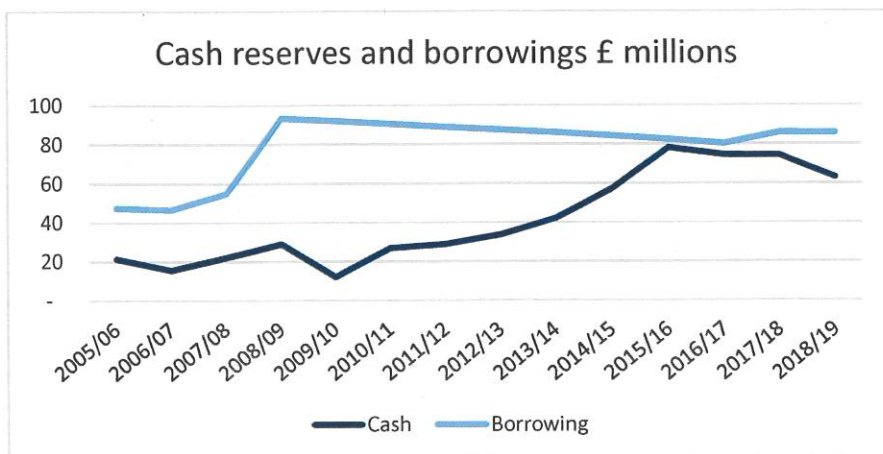
Net Assets excluding Pension Provisions have increased by £19 million due to strong financial performance and cash generation.

	<u>2019</u> <u>£m</u>	<u>2018</u> <u>£m</u>	<u>2017</u> <u>£m</u>	<u>2016</u> <u>£m</u>	<u>2015</u> <u>£m</u>
Non-current Assets	443.3	405.4	380.9	366.4	347.7
Current Assets (non-cash)	23.7	21.8	17.5	13.4	16.2
Cash and short-term deposits	62.9	74.4	74.5	78.1	57.0
Current Liabilities	(50.7)	(43.5)	(38.6)	(42.1)	(33.9)
Net Current Assets	35.9	52.7	53.4	49.4	39.3
Total Assets less Current Liabilities	479.2	458.1	434.3	415.8	387.0
Loans	(85.4)	(85.8)	(77.9)	(80.2)	(81.5)
Deferred capital grant	(58.8)	(56.5)	(55.1)	(54.4)	(50.3)
Provisions (exc Pensions)	(0.9)	(0.9)	(2.8)	(2.8)	(2.0)
Net Assets excluding Pension Provision	334.1	314.9	298.5	278.4	253.1
Pension Provisions	(240.3)	(187.6)	(206.4)	(195.7)	(135.2)
Net Assets	93.8	127.3	92.1	82.8	117.9

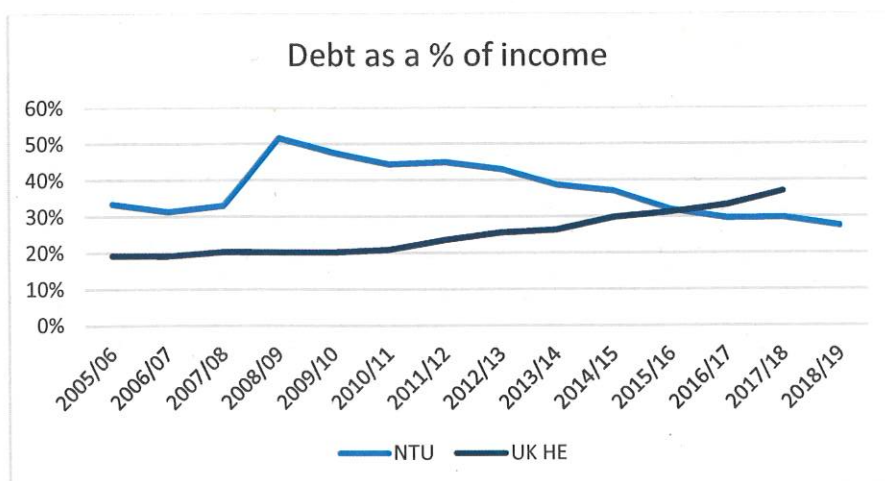
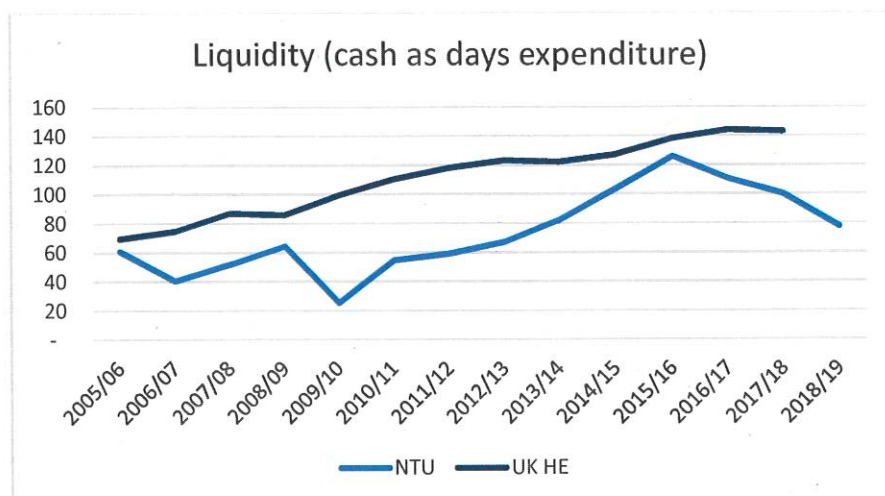
The University has an ongoing estates investment and regeneration programme to support the delivery of teaching, research and student facilities. A further £57 million has been invested in 2018/19, and financial plans include continued investment.



The initial phases of the regeneration programme were supported through borrowing in addition to disposal proceeds, working capital and cash reserves. Subsequent capital expenditure has been funded through cash generated. Cash reserves decreased by £11m during 2018/19 due to the high level of investment in the University estate during the year.



At 31 July 2019 cash reserves represent 77 days liquidity. Borrowing is £86 million, 27% of income. The current liquidity position is below sector average although borrowing levels remain positive compared to sector

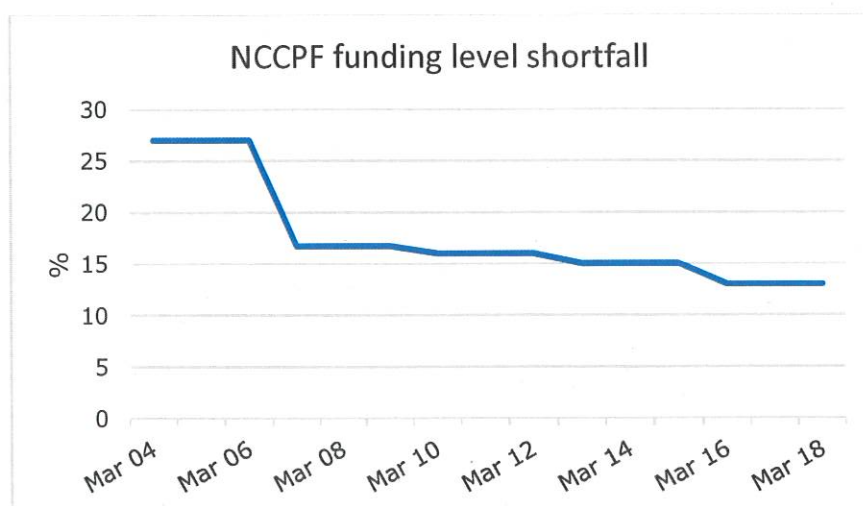


For accounting purposes, in accordance with accounting standard FRS 102, the actuary to the Nottinghamshire LGPS, the Nottinghamshire County Council Pension Fund (NCCPF), is required to calculate the present value of future pension obligations and compare this to the value of the assets owned by the pension scheme.

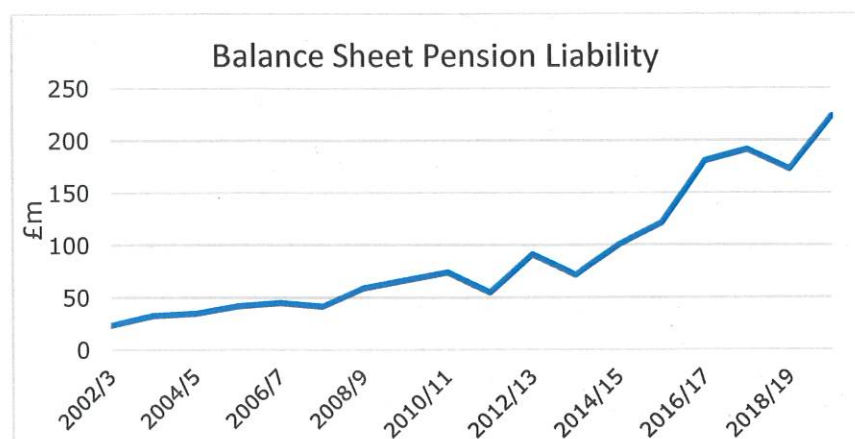
All organisations with defined benefit pension schemes have to use the same methodology, ensuring financial statements are produced on a consistent basis and pension liability calculations for accounting purposes are comparable.

Accounting standards require actuaries to calculate the present value of future obligations using a discount rate linked to the investment performance of the Merrill Lynch AA-rated corporate bond yield. Low returns for a number of years for this asset class have resulted in low discount rates and therefore a higher present value of future obligations, leading to large pension deficit liabilities appearing on the Balance Sheets of organisations with defined benefit pension schemes.

The majority of the Pension Provision (93%) relates to the Nottinghamshire County Council Pension Fund (NCCPF). At the triennial valuation date of 31 March 2016 the actuaries reported that the proportion of the scheme relating to the University was broadly on target to achieve its 20 year deficit recovery plan. The results of the 31 March 2019 valuation will be available in late 2019.



The accounting standard that dictates a methodology for inclusion of pension liabilities on balance sheets is more prudent and continues to show a material deficit. This has increased in 2018/19 due to actuarial assumptions, primarily a lower discount rate, the impact of which has been offset partially by changes in mortality assumptions.



CORPORATE GOVERNANCE

Structure and operation

The University's Board of Governors comprises lay/independent, co-opted and staff members appointed in accordance with the Instrument and Articles of Government of the University. All of the lay/independent members are non-executive. The roles of Chair and Deputy Chair of the Board are separated from the role of the University's Chief Executive, the Vice-Chancellor.

Matters specifically reserved to the Board of Governors for decision are set out in the Articles of Government of the University and the Office for Students terms and conditions of funding for higher education institutions.

The Board of Governors meets at least four times a year and has established several Committees, including a Membership and Nominations Committee, a Remuneration Committee, an Employment Policy Committee, an Audit and Risk Management Committee, and a Strategy, Policy, Finance and Resources Committee. All of these Committees are formally constituted with terms of reference and comprise members of the Board of Governors and (where appropriate) co-opted non-Governor members with relevant skills and expertise. Minutes of the meetings of the Committees, along with reports from the Committees on specific issues, are submitted to the Board of Governors.

The Board of Governors has adopted the Governance Code of Practice published by the Committee of University Chairs (CUC), which was updated in December 2014. The Board of Governors seeks to organise and conduct its affairs in accordance with the principles of good practice articulated in that Code, and believes that, in all material respects, its conduct does accord with those principles. The Board of Governors and the University's Executive Team has also had due regard to the general and supplementary guidance on public benefit published by the Charity Commission in exercising their powers and duties.

The Board of Governors has adopted the CUC Higher Education Remuneration Code and an annual report on remuneration is prepared for review by the Board.

Primary responsibilities of the Board of Governors

In accordance with its various legislative and regulatory obligations, the Board of Governors of the University is responsible for:

- Approving the mission and strategic vision of the institution, its long-term academic and business plans and key performance indicators, and ensuring that these meet the interests of stakeholders;
- Delegating authority to the Vice-Chancellor (as chief executive and head of the institution) for the academic, corporate, financial, estate and personnel management of the institution;
- Ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment;
- Ensuring that processes are in place to monitor and evaluate the performance and effectiveness of the institution against its plans and approved key performance indicators;
- Establishing processes to monitor and evaluate the performance and effectiveness of the governing body itself;
- Appointing the Vice-Chancellor, as chief executive, and putting in place suitable arrangements for monitoring his/her performance;
- Appointing a Clerk to the governing body and ensuring that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability;

- Acting as the employing authority for all staff in the institution and ensuring the establishment of an appropriate human resources strategy;
- Ensuring that appropriate provisions are in place for the general welfare and discipline of students;
- Safeguarding the institution's assets, property and estate, and its reputation and values;
- Approving the annual budget and financial statements, and publishing audited financial statements for each financial year.

In respect of its obligations for financial management issues, the Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and the group and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act, the Statement of Recommended Practice Accounting for Further and Higher Education and relevant accounting standards.

In addition, Office for Students terms and conditions of funding for higher education institutions and in accordance with other relevant regulatory obligations, the Board of Governors is required to ensure (through its designated office holder) that financial statements are prepared for each financial year which give a true and fair view of the state of affairs of the University and the group and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University and the group will continue in operation.

The Board of Governors has taken reasonable steps to:

- ensure that funds from OfS and other funding bodies are used only for the purposes for which they have been given and in accordance with the Office for Students Terms and conditions of funding for higher education institutions or other relevant regulatory agreements between the University and the respective funding bodies;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and the group and prevent and detect fraud;
- secure the economical, efficient and effective management of the University and the group's resources and expenditure.

Delivery of public benefit

Through a diverse range of innovative, enterprising and pioneering activity across NTU, the University is positively enhancing the experience of both our students and staff, and further impacting on our position within the local community, nationally and globally.

The University's ambition is for all NTU students to excel in developing the knowledge, skills, and resilience to play the positive role in society they envisage for themselves. By integrating the development of intellectual capability, vocational skills, work experience and personal insight into the design of all NTU courses we will enable all students to personalise their learning, combining theoretical rigour, practical relevance, and personal development.

This approach has led to NTU being awarded a University of the Year title for the past three years: Times Higher Education University of the Year 2017, Times and Sunday Times Modern University of the Year 2018 and University of the Year 2019 in The Guardian University Awards 2019.

NTU's current position in the Guardian University Guide is 12th. This is the highest any post '92 university has ever achieved.

This is recognition of NTU's innovative and systematic approach to enabling students to fulfil their academic potential and in particular the University's commitment to supporting students from less privileged backgrounds in transforming their life chances. It is among the UK's top five recruiters of students from disadvantaged backgrounds.

NTU was the first UK higher education institution to sign the Social Mobility Pledge, demonstrating its commitment to furthering social mobility through education, marked by a visit by Justine Greening MP to see first-hand social mobility in action.

It has also been selected to co-lead a national centre to research and develop best practices for universities on how to improve social mobility, and has been shortlisted as the University of the Year in the 2019 Social Mobility Awards.

68% of NTU's widening participation students graduating in 2017 were awarded a 1st or a 2.1 and the graduate employment rate (four out of five graduates securing graduate entry jobs or training six months after leaving NTU) is broadly the same for all students, regardless of economic or ethnic background.

NTU has implemented a robust strategy to expand the University's research excellence and further our capability and capacity to be a valued partner in projects of high commercial and public importance.

Since 2014, over 100 examples of published research have led to developments in public policy, professional practice, commerce, culture or quality of life, including:

Insights from Professor Gill Allwood's research on prostitution and gender quality have been used by the European Commission and European Parliament, professional associations and non-government organisations to inform policy.

Professor Peter Murphy's research has had direct impact on policy and practice of the Emergency Services across England and, in particular, on the Fire and Rescue Service in Nottinghamshire.

Distinguished Professor Mark Griffiths has developed a Behavioural Addictions Tool which is changing gambling law and policy around the world. This tool pinpoints ten potentially addictive characteristics of games and offers companies practical ways to reduce the risk of players developing gambling problems by altering the games' structural characteristics.

Pioneering research by Professor Paul Evans on 3D X-ray imaging signalled a breakthrough in multiple-view imaging which has had worldwide impact on the security industry and public safety, especially revealing explosives concealed in luggage.

Within the UK over four million people suffer from diabetes. Professor Tilak Dias has developed a 'smart' textile garment that can be used in the treatment of foot ulcers to help prevent amputation, one of the major complications caused by the disease.

Professor Gang Pan has pioneered the development of cost-effective and safe technologies to treat toxic algal blooms and water pollution as well as nutrient recycle/reuse technologies in natural water systems.

The Commonwealth Partnerships for Antimicrobial Stewardship Scheme ("AMS") funded by the Department for Health and Social Care through the Fleming is a year long grant worth £600,000 to tackle antibiotic resistance. This project aims to strengthen the antimicrobial resistance stewardship in Wakiso district, Uganda with a focus on training 100 health practitioners and 200 community health workers on better antimicrobial prescription practices; engaging with local and national AMS stakeholders to foster a concerted approach towards promoting antimicrobial stewardship in the country; and knowledge exchange through the establishment of an online community of practice.

NTU plays a leading role in the social, cultural, economic and environmental development of the City, East Midlands and UK. By developing strategic relationships with civic and commercial partners we are able to engage with a wide range of organisations in order to enhance their prospects and those of our students.

Recently, a collaboration between NTU and the University of Nottingham was launched, working towards the development of a Joint Civic Engagement Plan for the next five years. Activity will see the universities jointly evaluating their economic, social and cultural impact in order to better understand their contribution to the local community.

In parallel a detailed mapping exercise is being undertaken, capturing current collaborative activity between the University of Nottingham and Nottingham Trent University. This, along with the results of the impact assessment work, will help to identify where strengths and opportunities lie – a really useful first step in establishing a constructive, place-based, output-driven foundation for the Joint Civic Engagement Plan.

Later in 2019 a more detailed consultation will be launched with civic stakeholders across the community to identify areas of potential benefit for collaboration – joining forces to share expertise, working together on projects, strengthening links between research output and student expertise and the needs of local communities and businesses.

NTU is committed to supporting the economic development of the region and works closely with Local Enterprise Partnership, D2N2, on projects such as The Big House programme, which aims to support businesses within the creative and digital sector – seen as a key source of economic growth for both the region and the country. The University's series of Elevator workshops provided small to medium sized businesses in Derbyshire and Nottinghamshire with tailored sessions focused on disciplines such as marketing and writing business proposals to help them expand.

Promoting internationalisation and attracting talented students from around the world is a key part of NTU's global ambitions. As an international University, we nurture global citizenship, engage with the international research community, and attract talented students and staff from around the world, providing a vibrant multinational learning community.

NTU offers international students a rich, varied learning experience and in turn encourages our home students to learn from them and enjoy the cultural experience they can bring.

In terms of direct employment, the University is one of the largest employers in the city. Nottingham city benefits from an annual economic impact of £385m, which supported 6,315 jobs.

NTU is a strong recruiter of students from outside the region, bringing the brightest and the best of their generation into the city and county. At the same time, we nurture the talent of local young people; we have 5,556 students from Nottinghamshire studying at the University and another 4,118 from within the East Midlands. Taken together, we are making a significant contribution to developing the future talent and skills that the region needs.

As well as an economic impact, NTU also plays an active role in the cultural life of the city, with strategic partnerships with a range of local organisations such as the Creative Quarter Company, Nottingham Playhouse, and the New Art Exchange.

Statement of Internal Control

This statement relates to the University's arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities for the financial year to 31 July 2019 and the period up to the date of approval of these audited financial statements.

The Board of Governors is responsible for ensuring that a sound system of internal control is maintained. It has reviewed the effectiveness of these arrangements.

The principal results of risk identification, risk evaluation and the management review of the effectiveness of the arrangements are reported to, and reviewed by, the Board.

During the year the Audit and Risk Management Committee received regular reports on internal control and risk. Risk is identified and managed at both strategic and operational level. It is an ongoing process linked to the University's objectives.

University Executive Team risk theme leads are responsible for ensuring that controls are in place and high level risks are managed appropriately within the ten strategic risk themes.

These are reviewed and reported on a quarterly basis to the University Executive Team and biannually to the Audit and Risk Management Committee.

The Audit and Risk Management Committee also conducts an in-depth review of one strategic theme each meeting.

Heads of college and professional services are accountable for the management of operational risks, which are reviewed by local management teams on a quarterly basis. The University Executive Team is provided with an oversight of operational risks through biannual professional service and college reviews.

High scoring operational risks are escalated and reported to the Audit and Risk Management Committee via risk theme reports. The Chief Operating Officer and Registrar is accountable for the risk management function, supported by a Risk Manager. Local risk leads support the identification and reporting of operational risks.

The approach to internal control is risk-based. It includes an evaluation of the likelihood and impact of risks becoming a reality.

Review procedures cover business, operational, compliance and financial risk.

Risk assessment and internal control are embedded in ongoing operations.

The University's external and internal auditors operate in accordance with the requirements of the Audit Code of Practice (as part of the Office for Students terms and conditions of funding for higher education institutions). As such they report regularly to the University's Audit and Risk Management Committee on the improvement of the internal control environment and the University's performance in the delivery of value for money.

It is the Board's opinion that during the financial year and after the year end but before the signing of these financial statements, no significant internal control weaknesses or failures have arisen that should be disclosed.

Membership of the Board of Governors

Members of the Board of Governors are also the Trustees of the University for the purposes of charity law.

The members of the Board (the Trustees) who served at any time during the financial year to July 2019 and until the date the financial statements were formally approved were:

Independent and External Co-opted Governors

Mr N Goulden, Chair
Baroness D Warwick, Deputy Chair (*from 1 August 2019*)
Ms N Hill, Deputy Chair (*retired 31 July 2019*)
Mr N Collard
Mr N Ebbs
Mr I Ellis
Mrs S Fish
Ms L Holder
Mr G Love
Mr J Maier (*appointed 1 January 2019*)
Miss J Nelson (*appointed 1 January 2019*)
Ms A Somal (*retired 31 July 2019*)
Mrs S Walker-Smith
Mr T M Walmsley (*retired 31 July 2019*)
Mr D Williams
Mr O Woodley

Academic Board member

Ms K Moore

Student nominee

Mr B Fox

Professional Services staff member

Ms C Brown (*appointed 1 December 2018*)

Vice-Chancellor

Professor E W Peck

Chief Operating Officer and Registrar

Mr S Denton

Mr N Goulden
Chair

Professor E W Peck
Vice-Chancellor

26 November 2019

INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF NOTTINGHAM TRENT UNIVERSITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Nottingham Trent University ("the University") for the year ended 31 July 2019 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Accounting Policies and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2019, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students; and paragraph 12d of Accounts Direction 2019/20 dated 1 August 2019;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the Going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm wide approach in response to that uncertainty when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for an association and this is particularly the case in relation to Brexit.

Going concern

The Board of Governors has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board of Governors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

Other information

The Board of Governors is responsible for the other information, which comprises the Operating and Financial Review. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in Operating and Financial Review, which together constitute the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent University, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent University's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Board of Governors responsibilities

As explained more fully in their statement set out on page 13 and 14, the Board of Governors (who are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion

in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's articles of government and
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Governors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988 (*for post-1992 institutions*). Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.



Anthony Hambleton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
31 Park Row
Nottingham NG1 6FQ

29th November 2019

Statement of Accounting Policies for the year ended 31 July 2019

1. Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, modified to include certain fixed assets at fair value, and in accordance with Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. Additionally, the financial statements conform to the guidance published by the Office for Students. The financial statements have been prepared on a going concern basis.

2. Basis of consolidation

The consolidated financial statements incorporate those of the University and all its subsidiaries for the financial year to 31 July 2019 and include the results of subsidiaries acquired or disposed of during the period in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of Nottingham Trent University Union of Students as it is a separate unincorporated body in which the University does not exert control or dominant influence over their commercial and financial policy decisions.

Joint ventures are accounted for using the equity method. Associated companies are accounted for using the fair value model method. Where it is impractical to measure fair value reliably without undue cost and effort then the cost model is applied.

3. Recognition of income

Tuition fee income is stated gross of any expenditure which is not a discount and recognised in the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying, including all fees payable by students or their sponsors. Where the amount of tuition fee is reduced by a discount for prompt payment, income is shown net of discount. Bursaries are accounted for gross as expenditure and not deducted from income.

Income from the sale of goods or services is recognised in the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customer or the terms of the contract has been satisfied.

Investment income including dividends, other than that associated with endowments, is recognised on a receivable basis.

Funds the University receives and disburses as a paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk and has no economic benefit related to the transaction. Where the University has applied this policy to certain funds received during the year they are disclosed in note 34.

Grant Funding

Government revenue grants including recurrent funding council block grant and research grants are recognised in income over the periods the University recognises the related costs for which the grant is intended to compensate.

Capital (non-recurrent) government grants, received in respect of the purchase or construction of fixed assets, are recognised in income on a systematic basis over the expected useful life of the asset to which the grant relates.

Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants, including research grants, from non-government sources (non-exchange transactions) are recognised when the University is entitled to the income and performance conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are donations or endowments as appropriate.

Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general (unrestricted) reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

There are two main types of donations and endowments identified in reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Restricted expendable endowments – the donor has specified that a particular objective other than the purchase or construction of tangible fixed assets, and the University has the right to use the capital.

Statement of Accounting Policies (continued)
for the year ended 31 July 2019

4. Accounting for retirement benefits

The University participates, principally, in two pension schemes, the Teachers' Pension Scheme (TPS) for academic staff and the Local Government Pension Scheme (LGPS) for non-academic staff. The schemes are defined benefit schemes, independently administered and contracted out of the State Second Pension (S2P).

Because of the mutual nature of the TPS, the scheme cannot allocate assets to individual contributing institutions and a scheme-wide contribution rate is set. As such, the University is exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of underlying assets and liabilities of the scheme and, therefore, as required by FRS 102(28), accounts for the scheme as if it were a defined contribution scheme.

For the LGPS defined benefit scheme the amounts charged to comprehensive income and expenditure are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost of the net defined benefit liability is charged to comprehensive income and expenditure and included within interest and other finance costs. Remeasurement comprising of actuarial gains and losses and return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The institution participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Further details of the above pension schemes are given in note 32.

5. Short term employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

6. Finance Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Leased assets acquired by way of a finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

7. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

8. Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in the income statement.

9. Intangible assets

Intangible assets are amortised over 10 years representing the remaining estimated economic life of the assets.

Statement of Accounting Policies (continued)
for the year ended 31 July 2019

10. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets-under-construction, at rates calculated to write-off the cost or valuation of each asset less any residual value, on a straight-line basis over its expected useful life as follows:

Freehold buildings	10 to 50 years
Plant & equipment	3 to 20 years
Fixtures & fittings	10 years
Vehicles	4 years

Equipment purchased for specific research grants is depreciated over the shorter of its estimated useful life or the remaining life of the research grant, with the related grant income being credited over the same period.

Tangible fixed asset additions are capitalised where the cost of such assets exceeds £25,000. Items costing less than this amount are expensed in the year of purchase.

Land and buildings

Land and building assets in existence as at 31 July 2014 were revalued to fair value on transition to FRS 102 as at 1 August 2014. Subsequent additions to Land and building after this date but before 31 July 2015 have also been subject to revaluation. The fair value of land and buildings was determined from either market-based evidence or depreciated replacement cost by appraisal by independent qualified valuers in accordance with the Royal Institute of Chartered Surveyors Valuation – Professional Standards January 2014, in particular, UK Valuation Standards 1, 2 and 4.

Fair value is defined as the amount for which an asset could be exchanged, a liability settled or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

Depreciation and impairment losses, if applicable, are subsequently charged on the revalued amounts.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred up to 31 July. The assets are not depreciated until they are brought into use.

11. Investments

Investments in subsidiaries and associates are measured at cost less impairment.

Investments in publicly traded ordinary shares are measured at fair value.

Current asset investments, which may include listed investments, are held at fair value with movements recognised in Surplus/Deficit before tax.

12. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

13. Cash and cash equivalents

Cash includes cash on hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are held for the purpose of meeting short term cash commitments and defined as short term, highly liquid investments that are readily convertible to cash with insignificant risk in change of value.

14. Provisions and contingent liabilities

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the Institution a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institution. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

Statement of Accounting Policies (continued)
for the year ended 31 July 2019

15. Taxation

The University and its subsidiary, Nova Centric Limited are considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meet the definition of a charitable organisation for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Nottingham Consultants Limited, Education Support Centre (UK) Limited, Confetti Constellations Limited Nottingham Conference Centre Limited and NTU Temporary Staff Limited are not subject to these exemptions and are liable for corporation tax on profits or gains arising. However, under a Gift Aid arrangement with the University the subsidiary companies transfer all their taxable profits, where allowable under regulation, to the University to minimise the payment of corporation tax.

The University is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

16. Accounting judgements and estimates

In preparing these financial statements, management has made the following judgement:

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 32 of the financial statements, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

17. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a restricted expendable fund.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Consolidated and University Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2019

		Year ended 31 July 2019		Year ended 31 July 2018	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	259,951	255,527	239,645	235,174
Funding body grants	2	20,596	20,596	20,370	20,370
Research grants and contracts	3	7,404	7,309	7,195	7,175
Other income	4	24,113	16,835	22,310	15,669
Investment income	5	712	1,378	431	781
Donations and endowments	6	225	179	309	278
Total income		313,001	301,824	290,260	279,447
Expenditure					
Staff costs	7	197,243	186,572	176,794	167,259
Other operating expenses	8	90,972	89,997	78,947	78,650
Interest and other finance costs	9	8,195	8,191	9,085	9,099
Interest and other finance costs - exceptional	9	-	-	6,897	6,897
Intangible amortisation	11	393	-	393	-
Depreciation	12	20,406	19,172	18,736	17,968
Total expenditure		317,209	303,932	290,853	279,873
Deficit before other gains losses and share of operating surplus of associates		(4,208)	(2,108)	(593)	(426)
Gain/(loss) on disposal of fixed assets		76	10	(497)	(493)
Gain on investments		212	212	108	108
Share of operating deficit in associates	13,14	(503)	-	1,137	-
Result before tax		(4,423)	(1,886)	155	(811)
Taxation	10	23	-	6	-
Result for the year		(4,400)	(1,886)	161	(811)
Actuarial (loss)/gain in respect of pension schemes	21	(29,136)	(29,136)	35,082	35,082
Total comprehensive income for the year		(33,536)	(31,022)	35,243	34,271
Represented by:					
Endowment comprehensive income for the year	23	(380)	(380)	(660)	(660)
Restricted comprehensive income for the year	24	(29)	(29)	24	24
Unrestricted comprehensive income for the year		(33,127)	(30,613)	35,879	34,907
Attributable to the University		(33,536)	(31,022)	35,243	34,271
Result for the year attributable to:					
University		(4,400)	(1,886)	161	(811)

All items of income and expenditure relate to continuing activities.

The accompanying notes form an integral part of the financial statements.

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2019

Consolidated	Income and expenditure account			Total
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	£'000
Balance at 1 August 2017	6,258	65	85,767	92,090
Surplus/(deficit) from the income & expenditure statement	(660)	24	797	161
Other comprehensive income	-	-	35,082	35,082
Release of restricted capital funds spent in year	-	-	-	-
Total comprehensive income for the year	(660)	24	35,879	35,243
Balance at 1 August 2018	5,598	89	121,646	127,333
Deficit from the income & expenditure statement	(380)	(29)	(3,991)	(4,400)
Other comprehensive income	-	-	(29,136)	(29,136)
Release of restricted capital funds spent in year	-	-	-	-
Total comprehensive income for the year	(380)	(29)	(33,127)	(33,536)
Balance at 31 July 2019	5,218	60	88,519	93,797

University	Income and expenditure account			Total
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	£'000
Balance at 1 August 2017	6,258	65	83,511	89,834
Surplus/(deficit) from the income and expenditure statement	(660)	24	(175)	(811)
Other comprehensive income	-	-	35,082	35,082
Release of restricted funds spent in year	-	-	-	-
Total comprehensive income for the year	(660)	24	34,907	34,271
Balance at 1 August 2018	5,598	89	118,418	124,105
Surplus/(deficit) from the income and expenditure statement	(380)	(29)	(1,477)	(1,886)
Other comprehensive income	-	-	(29,136)	(29,136)
Release of restricted funds spent in year	-	-	-	-
Total comprehensive income for the year	(380)	(29)	(30,613)	(31,022)
Balance at 31 July 2019	5,218	60	87,805	93,083

The accompanying notes form an integral part of the financial statements.

Consolidated and University Balance Sheet

As at 31 July 2019

	Note	As at 31 July 2019		As at 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	11	2,333	-	2,726	-
Fixed assets	12	437,575	412,331	399,132	376,216
Investments	13	807	807	594	594
Investment in subsidiaries	13	-	3,976	-	3,976
Investments in associates	13,14	2,562	441	2,985	441
		443,277	417,555	405,437	381,227
Current assets					
Stock	15	489	282	549	259
Debtors: amounts falling due within one year	16	19,990	32,191	18,052	26,549
Debtors: amounts falling due after one year	17	3,174	15,149	3,174	13,505
Investments	18	10,000	10,000	25,000	25,000
Cash and cash equivalents	25	52,932	50,211	49,375	47,517
		86,585	107,833	96,150	112,830
Less: Creditors: amounts falling due within one year	19	(50,698)	(47,816)	(43,480)	(40,075)
Net current assets		35,887	60,017	52,670	72,755
Total assets less current liabilities		479,164	477,572	458,107	453,982
Creditors: amounts falling due after more than one year	20	(144,215)	(144,215)	(142,266)	(142,266)
Provisions					
Pension provisions	21	(240,274)	(240,274)	(187,611)	(187,611)
Provision for deferred tax	22	(878)	-	(897)	-
Total net assets		93,797	93,083	127,333	124,105
Restricted Reserves					
Income and expenditure reserve - endowment reserve	23	5,218	5,218	5,598	5,598
Income and expenditure reserve - restricted reserve	24	60	60	89	89
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		88,519	87,805	121,646	118,418
Total Reserves		93,797	93,083	127,333	124,105

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 20 to 45 were approved by the Board of Governors on 26 November 2019 and signed on its behalf on that date by:


Mr N Goulden
Chair


Professor E W Peck
Vice Chancellor

Consolidated Cash Flow Statement

Year ended 31 July 2019

		Year ended 31 July 2019	Year ended 31 July 2018
	Notes	Consolidated £'000	Consolidated £'000
Cash flow from operating activities			
Result for the year		(4,400)	161
Adjustment for non-cash items			
Depreciation	12	20,406	18,736
Amortisation of intangibles	11	393	393
Loss on investments	13	(213)	(108)
Decrease in stock	15	60	81
Increase in debtors	16	(2,014)	(4,195)
Increase in creditors	19	4,993	6,391
Increase in pension provision	21	23,527	16,308
Decrease in other provisions	21	-	(1,900)
Change in deferred tax asset/provision	22	(23)	(5)
Share of operating deficit/(surplus) in associate	13	503	(1,137)
Adjustment for investing or financing activities			
Investment income	5	(712)	(431)
Interest payable	9	3,401	10,602
Endowment income	6	(102)	(127)
(Profit)/loss on the sale of fixed assets		(76)	497
Capital grant income	29	(1,513)	(1,883)
Net cash inflow from operating activities		44,230	43,222
Cash flows from investing activities			
Proceeds from sale of fixed assets		11	-
Capital grants receipts	29	3,824	2,952
Disposal of non-current asset investments		66	7
Investment income	5	712	431
Payments made to acquire fixed assets	12	(56,605)	(41,900)
Payments made to acquire intangible fixed assets	11	-	(49)
Payments made to acquire subsidiary undertakings		-	-
New non-current asset investments		-	-
Withdrawal of deposits	18	15,000	-
		(36,992)	(38,559)
Cash flows from financing activities			
Interest paid	9	(3,401)	(10,602)
Endowment cash received	23	102	127
New secured loans		-	-
New unsecured loans	20	-	44,548
Repayments of amounts borrowed		(360)	(38,744)
Repayment of finance leases		(22)	(138)
		(3,681)	(4,809)
Increase/(decrease) in cash and cash equivalents in the year		3,557	(146)
Cash and cash equivalents at beginning of the year	25	49,375	49,521
Cash and cash equivalents at end of the year	25	52,932	49,375

The accompanying notes form an integral part of the financial statements.

Notes to the Accounts
for the year ended 31 July 2019

	Note	Year Ended 31 July 2019		Year Ended 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts					
Further education		4,306	475	3,989	164
Undergraduate tuition - Home/EU		199,981	199,970	185,684	185,636
Undergraduate tuition - Overseas		22,137	22,137	19,387	19,387
Postgraduate tuition - Home/EU		16,616	16,616	15,185	15,235
Postgraduate tuition - Overseas		15,624	15,624	12,731	12,731
Other fees and support grants		1,287	705	2,669	2,021
		<u>259,951</u>	<u>255,527</u>	<u>239,645</u>	<u>235,174</u>
2 Funding body grants					
Recurrent grant					
Office for Students		11,299	11,299	16,064	16,064
Research England		4,672	4,672	-	-
Education and Skills Funding Agency		1,552	1,552	993	993
Specific grants					
Office for Students		1,542	1,542	1,700	1,700
National College for Teaching and Leadership		125	125	112	112
Non-recurrent grants released in year					
Buildings		1,406	1,406	1,501	1,501
		<u>20,596</u>	<u>20,596</u>	<u>20,370</u>	<u>20,370</u>
3 Research grants and contracts					
Research councils and charities		2,347	2,347	2,062	2,062
Government (UK and overseas)		2,241	2,146	2,038	2,038
Industry and commerce		2,816	2,816	3,095	3,075
		<u>7,404</u>	<u>7,309</u>	<u>7,195</u>	<u>7,175</u>
4 Other income					
Residences, catering and conferences		8,741	6,563	7,964	5,589
Other revenue grants		3,247	3,203	3,335	3,248
Other capital grants		107	107	381	381
Other income generating activities		12,018	6,962	10,630	6,451
		<u>24,113</u>	<u>16,835</u>	<u>22,310</u>	<u>15,669</u>
5 Investment income					
Investment income on expendable endowments	23	47	47	50	50
Other investment income		374	374	296	296
Other interest receivable		291	957	85	435
		<u>712</u>	<u>1,378</u>	<u>431</u>	<u>781</u>
6 Donations and endowments					
New endowments	23	102	102	127	127
Donations with restrictions	24	66	66	85	85
Unrestricted donations		57	11	97	66
		<u>225</u>	<u>179</u>	<u>309</u>	<u>278</u>

Notes to the Accounts
for the year ended 31 July 2019

	Note	Year Ended 31 July 2019		Year Ended 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Staff costs					
<i>Employee costs:</i>					
Wages and salaries		143,113	133,115	132,681	123,914
Social security costs		14,259	13,739	13,287	12,804
Other pension costs		20,325	20,172	19,097	18,812
Pension operating costs	21	19,546	19,546	11,729	11,729
Total		<u>197,243</u>	<u>186,572</u>	<u>176,794</u>	<u>167,259</u>
<i>Emoluments of the Vice-Chancellor:</i>				2019	2018
Salary				£'000	£'000
Payment in lieu of pension contributions				268	262
Bonus				43	40
				<u>26</u>	<u>25</u>
				337	327
Pension contributions including contributions to USS				6	6
				<u>343</u>	<u>333</u>
<i>Remuneration of other higher paid staff, excluding employer's pension contributions:</i>				No.	No.
£100,000 to £104,999				5	3
£105,000 to £109,999				6	3
£110,000 to £114,999				2	2
£115,000 to £119,999				4	1
£120,000 to £124,999				-	1
£125,000 to £129,999				2	1
£130,000 to £134,999				-	-
£135,000 to £139,999				-	-
£140,000 to £144,999				1	5
£145,000 to £149,999				4	-
£155,000 to £159,999				1	-
£165,000 to £169,999				-	1
£170,000 to £174,999				-	-
£175,000 to £179,999				-	1
£180,000 to £185,999				1	-
£185,000 to £189,999				-	1
£190,000 to £194,999				1	-
No remuneration was paid to the Chair of the Board of Governors nor to other non-executive members of the Board and its subsidiary undertakings.					
<i>Average weekly staff numbers (including senior post-holders) employed during the period:</i>				2019	2018
				Fte	Fte
Academic departments				1,569	1,472
Academic support services				673	670
Other support services				123	113
Administration and central services				885	827
Estates				404	380
Other				59	67
				<u>3,713</u>	<u>3,529</u>
<i>Compensation for loss of office - all staff</i>				2019	2018
				£'000	£'000
Compensation paid/payable recorded within staff costs				1,206	850
				2019	2018
				Number	Number
Number of people to whom this was payable				57	31
Compensation was paid in cash from general University funds.					

Notes to the Accounts

for the year ended 31 July 2019

7 Staff costs (continued)

Key management personnel

Key management personnel are those members of the University Executive Team, having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation (salaries and benefits, including any employer's pension contributions) paid to key management personnel as follows:

	2019 £'000	2018 £'000
Key management personnel compensation	1,894	1,931

Trustees

No trustee has received any remuneration/waived payments from the group during the year (2018: None).

The total expenses paid to or on behalf of the 21 trustees was £10,258 (2018: £8,075 to 20 trustees). This represents travel and subsistence expenses incurred personally by the trustees in attending Board of Governors and Committee meetings and Charity events in their official capacity.

Head of provider pay

The Vice-Chancellor does not receive any taxable benefits. He receives a non taxable benefit in the form of an annual health care assessment with a value of £451.

The Vice-Chancellor's remuneration is reviewed annually by the Remuneration Committee, one of the sub-committees of the Board of Governors. The Remuneration Committee was established by the Board of Governors on 1 May 2018, taking over relevant duties from the former Remuneration and Employment Policy Committee.

The Vice-Chancellor is not a member of the Remuneration Committee. The Vice-Chancellor will normally attend the Committee's meetings but will withdraw from any discussions with regard to his own salary or other potential benefits. The Remuneration Committee is chaired by a senior independent member of the Board of Governors, and includes both a staff and student voice within its membership. In addition to five independent members of the Board of Governors, the Academic Board member on the Board of Governors (staff voice) and a recent NTU student (student voice) appointed by the Chair of the Board with the advice of the NTSU are both full members. The Remuneration Committee can draw on the expertise of an independent adviser.

When considering reward proposals for the Vice-Chancellor the Remuneration Committee considered the following indicators:

- performance in support of the University's strategic objectives and KPIs in the areas of teaching, research, management and administration, leadership of staff, partnerships and external relations internationally, nationally and locally and major initiatives and projects;
- the size and complexity of the University;
- the breadth, degree of complexity and level of challenge of the Vice-Chancellor's role;
- the nature of the HE markets and general issues of pay restraint, recruitment and retention challenges within the HE sector;
- the need to remain market competitive and reward exceptional, evidenced performance as well as retain and motivate for the future success of the University; and
- Benchmarking data in respect of comparator institutions, geographical location and specialism.

The data that supported these indicators were drawn from the following areas:

- University and Colleges Employer Associations Senior Staff Remuneration Survey;
- Committee of University Chairs' Vice-Chancellor Salary Survey;
- TEF Gold, NSS Results, student numbers, research rankings, national and international league table performance data; and
- In addition nationally determined job evaluation schemes, nationally negotiated pay awards and nationally recognised higher education pension schemes were all considered by the Committee.

The head of the provider's basic salary is 8.1 (2018: 8.3) times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. The head of the provider's total remuneration is 9.7 (2018: 9.6) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff. The provisions of paragraph 12d of OfS accounts direction 19/20 have been adopted.

Further details on the pay, expenses and payments in lieu of pension contributions for the Vice-Chancellor are available on the NTU website at <https://www.ntu.ac.uk/about-us/governance/vice-chancellor/vice-chancellors-salary>

Notes to the Accounts
for the year ended 31 July 2019

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Analysis of other operating expenses by activity				
Academic departments	24,071	27,810	20,343	24,209
Academic services	16,771	16,753	14,014	13,958
Administration and central services	30,686	29,124	27,718	26,237
Premises	11,387	10,919	9,161	8,918
Residences, catering and conferences	2,244	1,037	2,416	987
Research grants and contracts	4,532	4,354	4,350	4,341
Other expenses	1,281	-	945	-
	90,972	89,997	78,947	78,650
<i>Other operating expenses include:</i>				
External auditors remuneration in respect of audit services	65	39	65	38
External auditors remuneration in respect of non-audit services	78	90	92	53
Operating lease rentals - land and buildings	658	171	462	246
- other	580	580	306	306

9 Interest and other finance costs	Note				
Bank interest on loans		3,401	3,397	3,705	3,718
Bank interest on loans - exceptional		-	-	6,897	6,897
Net charge on pension scheme	21	4,794	4,794	5,381	5,381
		8,195	8,191	15,982	15,996

The exceptional bank interest on loans relates to the cost of early repayment of the fixed term loans.

10 Taxation

Recognised in the statement of comprehensive income

Current tax

Current tax expense	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
Current tax expense	-	-	-	-

Deferred tax

Origination and reversal of timing differences	(23)	-	34	-
Reduction in tax rate	-	-	(40)	-
Recognition of previously unrecognised tax losses	-	-	-	-
Deferred tax (charge)/ credit	(23)	-	(6)	-

Total tax credit	(23)	-	(6)	-
-------------------------	-------------	----------	------------	----------

The tax charge is represented in the consolidated balance sheet through the net financial impact of the creation of corporation tax payable (Note 19) and a deferred tax asset (Note 16) and the decrease in the provision for deferred tax (Note 22).

11 Intangible assets

Brand

Opening Balance	2,726	-	3,071	-
Additions	-	-	48	-
Amortisation charge for the year	(393)	-	(393)	-
At 31 July 2018	2,333	-	2,726	-

Included in the amount above is £2.69m which relates to the purchase of the Confetti Media Group brand on 3rd August 2015.

The amortisation period is 10 years.

Notes to the Accounts
for the year ended 31 July 2019

12 Fixed Assets

	Investment Land & Buildings £'000	Freehold Land and Buildings £'000	Fixtures and fittings £'000	Furniture and equipment £'000	Assets under course of construction £'000	Total fixed assets £'000
Consolidated						
Cost or valuation						
At 1 August 2018	6,290	325,672 †	70,871 †	76,530	24,479	503,842
Additions	-	6,822	3,123	11,611	37,293	58,849
Transfers	-	12,611	1,147	3,632	(17,390)	-
Disposals	-	-	(2,084)	(15,493)	-	(17,577)
At 31 July 2019	6,290	345,105	73,057	76,280	44,382	545,114
Consisting of valuation as at:						
1 August 2014	6,290	273,909	-	-	-	280,199
Cost	-	71,196	73,057	76,280	44,382	264,915
	6,290	345,105	73,057	76,280	44,382	545,114
Depreciation						
At 1 August 2018	464	23,318 †	32,978 †	47,950	-	104,710
Charge for the year	116	6,077	4,973	9,240	-	20,406
Disposals	-	-	(2,084)	(15,493)	-	(17,577)
At 31 July 2019	580	29,395	35,867	41,697	-	107,539
Net book value						
At 31 July 2019	5,710	315,710	37,190	34,583	44,382	437,575
At 31 July 2018	5,826	302,354	37,893	28,580	24,479	399,132
University						
Cost or valuation						
At 1 August 2018	6,290	311,525 †	68,252 †	71,496	14,957	472,520
Additions	-	5,728	3,321	9,367	36,871	55,287
Transfers	-	3,151	1,147	3,570	(7,868)	-
Disposals	-	-	(1,738)	(14,471)	-	(16,209)
At 31 July 2019	6,290	320,404	70,982	69,962	43,960	511,598
Consisting of valuation as at:						
1 August 2014	6,290	273,909	-	-	-	280,199
Cost	-	46,495	70,982	69,962	43,960	231,399
	6,290	320,404	70,982	69,962	43,960	511,598
Depreciation						
At 1 August 2018	464	21,787 †	30,295 †	43,758	-	96,304
Charge for the year	116	5,587	4,677	8,792	-	19,172
Disposals	-	-	(1,738)	(14,471)	-	(16,209)
At 31 July 2019	580	27,374	33,234	38,079	-	99,267
Net book value						
At 31 July 2019	5,710	293,030	37,748	31,883	43,960	412,331
At 31 July 2018	5,826	289,738	37,957	27,738	14,957	376,216

A full valuation as at 1 August 2014 of the University's land and buildings (including those of its subsidiaries, where applicable) was carried out by an independent and professionally qualified Valuer. In addition, building assets transferred at cost from Assets under the course of Construction during the period 1st August 2014 to 31st July 2015 were also subject to full valuation.

At 31 July 2019, investment land and buildings included £490,000 (2018 - £490,000) in respect of freehold land which is not depreciated.

† During the year a review of the fixed asset register highlighted freehold land and buildings assets mis-classified as fixtures and fittings. An adjustment has been made to the opening position to reclassify these assets as freehold land and buildings. This has no impact on the total cost and net book value of fixed assets recognised and no impact on depreciation charged.

Notes to the Accounts

for the year ended 31 July 2019

12. Fixed Assets (continued)

At 31 July 2019, freehold land and buildings included £39,241,180 (2018 - £39,063,180) in respect of freehold land which is not depreciated.

Consolidated furniture and equipment include assets held under finance leases as follows:

	at 31 July 2019	at 31 July 2018
	£'000	£'000
Furniture and Equipment	70	88

On 2 August 1999 the University signed a deed preserving the 'further education asset base' inherited following its merger with Brackenhurst College on 1 April 1999. In the event of a total failure to preserve the asset base, the Education and Skills Funding Agency shall have the right to call for the repayment of the 'further education asset base', being the greater of the value of indexed-based 'chattels' less 'liabilities' or the total cost of replacing the land asset with accommodation and facilities of comparable quality, size and location.

In 1999/2000 the University entered into a lease with a developer for the provision of a hotel/gym complex on its Goldsmith Square car park. The lease is for 50 years with breaks at 15 and 25 years. At the conclusion of the lease, the whole of the property will revert to the University.

During 2007/08 the University entered into an amended lease agreement with UPP Group Limited and UPP Nottingham Limited for the majority of its student residences. The University received consideration totalling £11,032,000 in 2007/08 in respect of this transaction, including a 20% shareholding in UPP Nottingham Limited and an entitlement to loan notes to be issued by UPP Nottingham Limited. In 2009/10 the University received consideration totalling £652,000 in respect of an additional entitlement to loan notes. The leases are for 40 years maturing in 2048 and at the conclusion of the leases the properties will revert to the University.

In 2009/10 the University entered into a lease agreement with UPP (Clifton) Limited for the provision of a new student residence on the Clifton campus. The University received a gross consideration totalling £7,333,000, which net of costs totalled £6,880,000. The transaction included a 20% shareholding in UPP (Clifton) Limited and an entitlement to loan notes to be issued by UPP (Clifton) Limited. The lease is co-terminus with the existing UPP agreements and at the conclusion of the lease the properties will revert to the University.

In 2011/12 the University entered into a new lease agreement with UPP (Byron) Limited for the provision of a new student residence and new Students Union building on the City campus. The University received a premium of £1,833,000 in respect of the agreement. The transaction includes a 20% shareholding in UPP (Byron) Limited and an entitlement to loan notes to be issued by UPP (Byron) Limited. On completion of the building in 2013/14 the University received a further lease premium of £11,813,000 as a fixed asset rather than cash.

13 Non-current Investments

	Subsidiary Companies	Investment in Associates	Other Investments	Total
	£'000	£'000	£'000	£'000
Consolidated				
At 1 August 2018	-	2,985	594	3,579
Additions	-	80	-	80
Fair value adjustments	-	(503)	213	(290)
Disposals	-	-	-	-
Impairments	-	-	-	-
At 31 July 2019	-	2,562	807	3,369
University				
At 1 August 2018	3,976	441	594	5,011
Additions	-	-	-	-
Fair value adjustments	-	-	213	213
Disposals	-	-	-	-
Impairments	-	-	-	-
At 31 July 2019	3,976	441	807	5,224

Other Investments

The Group holds 32,258 ordinary shares in Experian Plc (2018: 32,258) which were valued at £25 per share (2018: £18.4) as per the closing Sell position on the London Stock Exchange as at 31 July 2019.

	Shareholding %	Cost £	Value £
Intelligent OMICS Limited (formerly Compandx Limited)	50	550	-
SiActive Limited	27	25	-

Notes to the Accounts

for the year ended 31 July 2019

13 Non-current Investments (continued)

Other Investments (cont'd)

The Group also holds shares in a number of companies which have been set up through The HIVE Initiative. Details of these investments have not been disclosed due to their insignificant nature.

Subsidiary Companies

The University owns 100% of the issued share capital of the following companies which are registered in England and Wales and operating in the UK.

Company Name	No. of Ord Shares	Cost of Investment £'000	Value of Investment £'000
Nottingham Law School Limited	1,667,000	1,667	-
Nottingham Consultants Limited	555,000	555	-
Nottingham Trent Residences 1 plc	5,000,004	2,500	-
Nottingham Trent International College Limited	1	-	-
Nottingham Conference Centre Limited	1	-	-
Confetti Constellations Limited	100	3,976	3,976

In addition, the University is the sole subscriber to the following companies limited by guarantee, registered in England and Wales and operating in the UK.

Company Name

Nottingham Law School Legal Advice Centre Limited (exempt from audit under the requirements of s479A of the Companies Act 2006)

Nova Centric Limited

NTU Temporary Staff Limited (exempt from audit under the requirements of s479A of the Companies Act 2006)

MTIF (BEZ) Limited (exempt from audit under the requirements of s479A of the Companies Act 2006)

The registered office for all subsidiaries is 50 Shakespeare Street, Nottingham, NG1 4FQ.

14 Investment in joint ventures and associates

Company Name	Shareholding percentage %	2019 Value of Investment £'000	2018 Value of Investment £'000
UPP Clifton Limited	20	78	78
UPP Byron Limited	20	113	113
NET	n/a	50	50
Loreus Limited	10	-	-
Halo X-Ray Technologies Limited	22	80	-
BioCity Group Ltd	50	2,241	2,744
Notts TV Limited	43	-	-
		<u>2,562</u>	<u>2,985</u>

The Group's holdings in UPP Clifton Limited and UPP Byron Limited were a result of property lease financing arrangement considerations (see Note 12).

The Group's participating interest in BioCity Group Limited related to the net assets in the joint venture arrangement entered into by the University to form BioCity Nottingham Limited with the University of Nottingham and the East Midlands Development Agency (EMDA). Following the abolition of EMDA in March 2012 the University has continued the joint venture arrangement with the University of Nottingham.

BioCity Group Limited owns 75% of BioCity Scotland Limited formed with a minority interest partner. BioCity Scotland Limited was gifted land, plant, equipment and stock by Merck to the value of £11.3m in 2012.

Associated companies are accounted for using the fair value model method. Where it is impractical to measure fair value reliably without undue cost and effort then the cost model is applied. The value of investment in Loreus Limited is £10 (Ten pounds).

Notes to the Accounts
for the year ended 31 July 2019

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
15 Stock and stores in hand				
Finished goods	350	232	364	208
Goods for resale	139	50	185	51
	<u>489</u>	<u>282</u>	<u>549</u>	<u>259</u>

16 Debtors: amounts falling due within one year

Trade Debtors	8,381	7,535	9,316	7,716
Amounts due by group undertaking companies	-	13,144	-	10,237
Deferred tax asset	37	-	33	-
Accrued income	7,565	8,084	4,896	5,042
Prepayments	3,617	3,278	3,509	3,404
Other debtors	390	150	298	150
	<u>19,990</u>	<u>32,191</u>	<u>18,052</u>	<u>26,549</u>

The movement in deferred tax asset is credited in the statement of comprehensive income and expenditure

17 Debtors: amounts falling due after more than one year

Loan notes	3,174	3,174	3,174	3,174
Amounts due by group undertaking companies	-	11,975	-	10,331
	<u>3,174</u>	<u>15,149</u>	<u>3,174</u>	<u>13,505</u>

The loan notes were received as part of the consideration for the lease agreements for UPP Clifton Limited and UPP Byron Limited. They are operative over the life of the concession.

18 Current Investments

Short term deposits	10,000	10,000	25,000	25,000
	<u>10,000</u>	<u>10,000</u>	<u>25,000</u>	<u>25,000</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months but less than twelve months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2019 the weighted average interest rate of these fixed rate deposits was 0.925% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 230 days.

19 Creditors : amounts falling due within one year

	Note	Year Ended 31 July 2019		Year Ended 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Salix Finance Loan	20	359	359	359	359
Net obligations under finance leases		13	-	35	-
Trade creditors		7,143	6,709	6,586	5,876
Social security and other taxation payable		6,501	6,401	4,692	4,335
Corporation tax payable		-	-	-	-
Other creditors		504	441	652	548
General accruals		21,490	19,730	17,703	15,637
Deferred income		14,688	14,176	13,453	13,320
		<u>50,698</u>	<u>47,816</u>	<u>43,480</u>	<u>40,075</u>

Deferred income

The following items of income which have been deferred until specific performance related conditions have been met.

Tuition fee income		6,941	7,137	4,428	4,332
Government non-recurrent grant income	29	1,513	1,513	1,467	1,467
Research grant income		2,864	2,863	4,753	4,752
Other grant income		818	794	507	492
Other income		2,552	1,869	2,298	2,277
		<u>14,688</u>	<u>14,176</u>	<u>13,453</u>	<u>13,320</u>

Notes to the Accounts
for the year ended 31 July 2019

	Note	Year Ended 31 July 2019		Year Ended 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
20 Creditors : amounts falling due after more than one year					
Other creditors		511	511	467	467
Government non-recurrent grant deferred income	29	58,311	58,311	56,046	56,046
		<u>58,822</u>	<u>58,822</u>	<u>56,513</u>	<u>56,513</u>
Salix Finance Loans		1,393	1,393	1,753	1,753
Bank loans		40,000	40,000	40,000	40,000
Other loans		44,000	44,000	44,000	44,000
Total bank and other loans		<u>85,393</u>	<u>85,393</u>	<u>85,753</u>	<u>85,753</u>
		<u>144,215</u>	<u>144,215</u>	<u>142,266</u>	<u>142,266</u>

Salix have been working with Universities since 2006, currently offering finance on behalf of the Department of Business, Energy and Industrial Strategy (BEIS) and previously through the joint-funded Revolving Green Fund Scheme 1 and 4 and with the Office for Students (OfS).

Analysis of bank and other loans

Due within one year	359	359	359	359
Due between one and two years	234	234	359	359
Due between two and five years	1,159	1,159	453	453
Due in five years or more	84,000	84,000	84,941	84,941
Due after more than one year	<u>85,393</u>	<u>85,393</u>	<u>85,753</u>	<u>85,753</u>
Total debt	<u>85,752</u>	<u>85,752</u>	<u>86,112</u>	<u>86,112</u>

Analysis of debt by repayable date:

Loan repayable by 2020	375	375	625	625
Loan repayable by 2022	941	941	941	941
Loan repayable by 2023	436	436	546	546
Loan repayable by 2038	40,000	40,000	40,000	40,000
Loan repayable by 2043	44,000	44,000	44,000	44,000
	<u>85,752</u>	<u>85,752</u>	<u>86,112</u>	<u>86,112</u>

<i>Lender</i>	Original loan	Rate of Interest
	£'000	
Salix Finance Limited	2,936	0.00%
Royal Bank of Scotland	40,000	5.53%
3.01% loan notes	44,000	3.01%
Total	<u>86,936</u>	

The £40m and the £44m which are repayable in a single amount at the end of the loan period. The Salix loans are repayable in instalments over the loan period. All loans are unsecured.

The 3.01% loan notes were issued on 4 June 2018 to The Lincoln National Life Insurance Company. The loan notes are due for repayment on 4 June 2043.

Notes to the Accounts
for the year ended 31 July 2019

21 Provisions for liabilities and charges

Consolidated & University

	USS pension fund deficit obligation £'000	Enhanced pensions on termination £'000	DB pension obligations (Note 32) £'000	Total Pension Provisions £'000
At 1 August 2018	1,582	13,456	172,573	187,611
Utilised in year	-	(813)	-	(813)
Additions in year - Operating cost	3,130	-	16,416	19,546
Additions in year - Interest	34	310	4,450	4,794
Actuarial (gain)/loss	-	(631)	29,767	29,136
At 31 July 2019	4,746	12,322	223,206	240,274

USS pension fund

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the deficit provision which has increased from £1.58 million to £4.75 million. £3.13 million of this increase is attributable to the change in the deficit contributions contractual commitment. More details on the 2017 actuarial valuation are set out in note 32.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 32. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £2.88m, a decrease of £1.87m from the current year end provision.

Enhanced pensions on termination

The enhanced pensions on termination scheme is accounted for as a defined benefit scheme.

This relates to unfunded pension payments to which the university is committed.

The assumptions for calculating the provision for enhanced pensions on termination under FRS 102, are as follows:

Discount Rate	2.3%
Inflation Rate	2.0%

Other provisions

Provision relates to potential future tax liability other than deferred taxation

22 Provision for deferred tax

Consolidated only

	2019 £'000	2018 £'000
Accelerated capital allowances	939	934
Short term timing differences	(17)	(9)
Tax losses carried forward and other deductions	(44)	(28)
	878	897

Movement in provision

At 1 August 2018	897
Deferred tax credited in the statement of comprehensive income and expenditure	(19)
At 31 July 2019	878

Notes to the Accounts
for the year ended 31 July 2019

23 Endowment Reserves

	Consolidated and University		
	Restricted Expendable £'000	2019 Total £'000	2018 Total £'000
Balances at 1 August 2018			
Capital	5,598	5,598	6,258
Accumulated income	-	-	-
	5,598	5,598	6,258
New endowments	102	102	127
Investment income	47	47	50
Expenditure	(529)	(529)	(837)
Total endowment comprehensive income for the year	(380)	(380)	(660)
At 31 July 2019	5,218	5,218	5,598
Represented by:			
Capital	5,218	5,218	5,598
Accumulated income	-	-	-
	5,218	5,218	5,598
Analysis by type of purpose:			
Research support	5,218	5,218	5,598
	5,218	5,218	5,598
Analysis by asset			
Current and non-current asset investments	-	-	-
Cash & cash equivalents	-	5,218	5,598
	-	5,218	5,598

Restricted expendable endowments represents £5.2m relating to connected institutions under paragraph 28 Schedule 2 of the Charities Act 2011, for funds received from the van Geest Foundation Cancer Research Fund, a charitable trust established to administer funds donated by John and Lucille van Geest Foundation. The objects of the fund are to advance education at the University into all aspects of cancer biology and contribute towards and meet the costs of cancer research undertaken at the University and the publication of useful results of such research.

24 Restricted Reserves

Reserves with restrictions are as follows:

	Consolidated and University		
	Donations £'000	2019 Total £'000	2018 Total £'000
Balances at 1 August 2018	89	89	65
New grants	-	-	-
New donations	66	66	85
Capital grants utilised	-	-	-
Expenditure	(95)	(95)	(61)
Total restricted comprehensive income for the year	(29)	(29)	24
At 31 July 2019	60	60	89
Analysis of other restricted funds /donations by type of purpose:			
Lectureships	-	-	-
Scholarships and bursaries	-	53	82
Research support	-	-	-
Prize funds	-	7	7
General	-	-	-
	-	60	89

Notes to the Accounts
for the year ended 31 July 2019

25 Cash and cash equivalents

Consolidated	At 1st August	Cash	At 31st July
	2018	Flows	2019
	£'000	£'000	£'000
Cash and cash equivalents	49,375	3,557	52,932
	<u>49,375</u>	<u>3,557</u>	<u>52,932</u>

University	At 1st August	Cash	At 31st July
	2018	Flows	2019
	£'000	£'000	£'000
Cash and cash equivalents	47,517	2,694	50,211
	<u>47,517</u>	<u>2,694</u>	<u>50,211</u>

26 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2019:

	Year Ended 31 July 2019		Year Ended 31 July 2018	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Commitments contracted for	23,977	23,782	41,562	41,332
	<u>23,977</u>	<u>23,782</u>	<u>41,562</u>	<u>41,332</u>

27 Contingent liabilities

The final contract value in respect of a construction contract which completed in the year is currently under discussion and has not yet progressed to adjudication. Given the uncertainties that exist, the university is unable to make a reliable estimate of any contingent liability relating to this matter at the balance sheet date.

28 Operating lease obligations

Total rentals payable under operating leases:

	Plant and	Land and	2019	2018
	Machinery	buildings		
	£'000	£'000	£'000	£'000
Payable during the year	580	658	1,238	770
Future minimum lease payments due:				
Not later than 1 year	454	1,135	1,589	823
Later than 1 year and not later than 5 years	641	2,485	3,126	2,266
Later than 5 years	-	8,382	8,382	9,002
Total lease payments due	<u>1,095</u>	<u>12,002</u>	<u>13,097</u>	<u>12,091</u>

29 Government non-recurrent grant deferred income

	Consolidated and University		2019	2018
	Funding	Other		
	Councils	Grants	Total	Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2018 - Buildings only	53,611	3,902	57,513	56,444
New grants	2,300	1,524	3,824	2,952
Release to income statement	(1,406)	(107)	(1,513)	(1,883)
At 31 July 2019 - Buildings only	<u>54,505</u>	<u>5,319</u>	<u>59,824</u>	<u>57,513</u>
Analysed by:				
Creditors : amounts falling due within one year			1,513	1,467
Creditors : amounts falling due after more than one year			58,311	56,046
			<u>59,824</u>	<u>57,513</u>

Notes to the Accounts
for the year ended 31 July 2019

30 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity	Status
Nottingham Law School Limited	Dormant	100% owned
Nottingham Consultants Limited	Provision of courses, consultancy services and commercial research and the commercial letting of accommodation	100% owned
Nottingham Trent Residences 1 plc	Dormant	100% owned
Nottingham International College Limited	Dormant	100% owned
Nottingham Conference Centre Limited	Provision of conference and catering facilities	100% owned
Confetti Constellations Limited	Provision of education facilities and services for music, multi-media and communications courses, including the design, consultancy, supply and installation services for the provision of music, moving image, IT equipment and furniture	100% owned
Nottingham Law School Legal Advice Centre Limited	Provision of legal advice and information services to the local community and individuals in need, whilst providing practical experience to law students undertaking their professional law training under the supervision and guidance of qualified solicitors	Limited by Guarantee
Nova Centric Limited	Provision of further and higher education courses in music, multi-media and communication courses	Limited by Guarantee
NTU Temporary Staff Limited	Provision of temporary staff	Limited by Guarantee
MTIF (BEZ) Limited	Provision of goods, services and equipment to and for the University's medical technologies innovation facility.	Limited by Guarantee
Nottingham Business School Limited	Dormant	100% owned
Nottingham Language Centre Limited	Dormant	100% owned
Confetti Media Limited	Dormant	100% owned

31 Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission.

The movements in the year on the total funds of all connected institutions were as follows:

	Opening balance £'000	Income £'000	Expenditure £'000	Closing Balance £'000
within Consolidated Financial Statements				
Van Geest Cancer Research Fund	5,598	149	(529)	5,218
Nottingham Trent University Trust Fund	177	2	-	179

Notes to the Accounts
for the year ended 31 July 2019

32 Pension Schemes

The University participates, principally, in two pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). It also participates in the Universities Superannuation Scheme (USS), although there is only a small number of participants and a low level of contributions.

Total Pension Cost for the year:

		Year Ended 31 July 2019		Year Ended 31 July 2018	
		£'000	£'000	£'000	£'000
TPS:	Contributions Paid		9,509		8,742
USS:	Contributions Paid	1,260		1,170	
	Pension operating costs	3,130		(1,012)	
			4,390		158
LGPS	Contributions Paid	7,598		7,139	
	Pension operating costs - administration charge	108		99	
	Pension operating costs	16,308		12,642	
			24,014		19,880
	Enhanced pension contributions		200		195
	Past Service liability contributions		1,605		1,566
Pension Cost for year - University			39,718		30,541
Other pension contributions			154		286
Pension Cost for year - Consolidated			39,872		30,827

Other pension contributions relate to payments made by Confetti Constellations Limited and Nova Centric Limited to several pensions funds, including employees' personal pensions. No further disclosure is made on the grounds of materiality.

Teachers' Pension Scheme

The TPS is an unfunded multi-employer defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

Because of the mutual nature of the scheme, the scheme cannot allocate assets to individual contributing institutions and a scheme-wide contribution rate is set. As such, the University is exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of underlying assets and liabilities of the scheme and, therefore, as required by FRS 102(28), accounts for the scheme as if it were a defined contribution scheme.

The pension cost is normally assessed every five years in accordance with the advice of the Government Actuary. The latest actuarial valuation of the TPS was 31 March 2016 and contain assumptions and other relevant data that have the most significant effect on the determination of the contribution levels as follows:

TPS Fund position at last valuation

Valuation Method	Prospective benefits
Market value of assets at date of last valuation	£ 196,100 m
Proportion of members' accrued benefits covered by the actuarial value of assets	90%
Salary scale increases per annum	4.00%

Following the publication of the latest interim actuarial valuation in April 2019 the employer contribution was set at 23.68% with effect from September 2019.

Universities' Superannuation Scheme

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2018 was underway but not yet complete.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21+: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Notes to the Accounts
for the year ended 31 July 2019

Pension Schemes (cont'd)

Universities' Superannuation Scheme (cont'd)

	2017
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CML_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females
The current life expectancies on retirement at age 65 are:	2019 2018
Males currently aged 65 (years)	24.6 24.5
Females currently aged 65 (years)	26.1 26.0
Males currently aged 45 (years)	26.6 26.5
Females currently aged 45 (years)	27.9 27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increased (CPI)	2.11%	2.02%

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £1.58 million to £4.75 million as set out in note 21. £3.2 million of this increase is attributable to the change in the deficit contributions contractual commitment.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £2.88m, a decrease of £1.87m from the current year end provision and a lower charge on the face of the Statement of Comprehensive Income of £1.87m.

Local Government Pension Scheme

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefit on career average revalued earnings.

The administering authority for the fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst day to day administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Nottingham County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investing Principles. These should be amended when appropriate based on the Fund's performance and funding.

The Fund is valued every three years by a professionally qualified independent actuary, as required by regulations, using the projected unit method. Contributions are set as a result of the actuarial valuation. The last valuation was carried out as at 31 March 2016 and set contributions for the period April 2017 to March 2020. During this accounting period the University's minimum employer contributions were equal to 12.4%, whilst a separate lump sum payment of £4.78m is payable over the three year valuation period to fund past service liabilities. The fund position as at 31 March 2016 is detailed below:

Value of Assets	£4,067m
Funding level for accrued benefit	87%
Investment return per annum to meet future service liabilities	
- equities	7.4%
- gilts	2.4%
- property	5.9%
Long term pay scale increases per annum	3.9%
Consumer price inflation	2.4%
Pension increase per annum	2.4%

The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period April 2020 to March 2023. There are no minimum funding requirements in the LGPS but contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

To assess the value of the University's liabilities at 31 July 2019, the Actuary rolled forward the value of the University's liabilities calculated for the funding valuation as at 31 March 2016, using the financial assumptions that comply with FRS102.

To calculate the asset share the actuary has rolled forward the assets allocated to the University at 31 March 2016 allowing for investment returns, contributions paid into, and estimated benefits paid from, the Fund by and in respect of the University and its employees.

Notes to the Accounts

for the year ended 31 July 2019

Pension Schemes (cont'd)

Local Government Pension Scheme (cont'd)

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund and their dependents. These pensions are linked to inflation and will normally be payable on retirement of the life of the member or a dependent following a member's death.

It is not possible to accurately assess the estimated liabilities as at 31 July 2019 without completing a full valuation. However, the Actuary and the University are satisfied that the approach of rolling forward previous valuation data to 31 July 2019 should not introduce any material distortions to the results provided that the actual experience of the University and the Fund has been broadly in line with underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation.

In addition, the actuary adopted a set of demographic assumptions consistent with those used for the most recent Fund valuation (31 March 2016). The post retirement mortality tables adopted are S1PA tables with a multiplier of 110% for males and 100% for females. These base tables are then projected using the CMI 2012 Model, allowing for a long-term rate of improvement of 1.5%.

The material assumptions used by the Actuary as at 31 July 2018 were:

	2019	2018
<i>Financial assumptions (referenced to market conditions at 31 July 2019)</i>	% p.a	% p.a
Discount Rate	2.10%	2.65%
Pension increases	2.35%	2.35%
Salary increases	3.85%	3.85%

The discount rate is the annualised yield at the 22 year point on the Merrill Lynch AA-rated corporate bond yield curve which was chosen in consideration of the estimated duration of the University's liabilities.

The Consumer Prices Index assumption, on which future pension increases are expected to be based, will be 2.35% p.a.

Salaries are assumed to increase at 1.5% p.a above CPI in addition to a promotional scale. However, the actuary has allowed for a short-term overlay to 31 March 2020 for salaries to rise in line with CPI.

<i>Mortality assumptions (life expectation from age 65)</i>		2019	2018
Retiring today	Males	21.6	22.7
	Females	24.4	25.6
Retiring in 20 years	Males	23.3	24.9
	Females	26.2	28.0

Fund members' behaviour

- Members will exchange half their commutable pension for cash at retirement
- Members will retire at one retirement age for all tranches of benefit; and
- 10% of active members will take up option under the new LGPS to pay 50% of contributions for 50% of benefits

The University's share of net assets of the Fund is approximately 5% and the estimated asset allocation as at 31 July 2019 attributable to the University is as follows:

	31 July 2019		31 July 2018	
	£'000	%	£'000	%
Equities	184,054	62%	181,827	64%
Gilts	9,657	3%	6,932	2%
Other bonds	27,478	9%	32,653	12%
Property	40,128	14%	38,215	13%
Cash	7,165	2%	7,649	3%
Inflation-linked pool funds	10,776	4%	7,133	3%
Infrastructure	14,276	5%	9,355	3%
Unit trust	3,008	1%	-	0%
	<u>296,542</u>		<u>283,764</u>	

The University's financial position in the LGPS Scheme as at 31 July 2018 is:

	2019	2018
	£'000	£'000
Fair value of Fund assets	296,542	283,764
Present value of defined benefit obligation	(516,164)	(452,654)
Surplus / (Deficit)	(219,622)	(168,890)
Present value of unfunded obligation	(3,584)	(3,683)
Net defined benefit asset / (liability)	<u>(223,206)</u>	<u>(172,573)</u>

Notes to the Accounts
for the year ended 31 July 2019

Pension Schemes (cont'd)

Local Government Pension Scheme (cont'd)

Reconciliation of opening & closing balances of the present value of defined benefit and unfunded obligations

	2019	2018
	£'000	£'000
Opening defined benefit and unfunded obligation	456,337	444,533
Current service cost	21,472	21,449
Interest cost	12,030	11,972
Past service costs, including curtailment	4,229	77
Contributions	4,122	3,918
Benefits paid net of transfers in	(8,960)	(6,239)
Actuarial losses	30,518	(19,373)
Closing defined benefit and unfunded obligation	519,748	456,337

Reconciliation of opening & closing balances of the fair value of Fund assets

	2019	2018
	£'000	£'000
Opening fair value of Fund Assets	283,764	253,162
Interest on assets	7,580	6,923
Return on assets less interest	751	17,215
Administration expenses	(108)	(99)
Other actuarial gains/(losses)	-	-
Contributions by University including unfunded	9,393	8,884
Contributions by Scheme participants	4,122	3,918
Benefits paid net of transfers in	(8,960)	(6,239)
Closing fair value of Fund Assets	296,542	283,764

Actuarial gain/(loss) in other comprehensive income

	2019	2018
	£'000	£'000
Return on Fund assets in excess of interest	751	17,215
Other actuarial losses on assets	-	-
Change in financial assumptions	(58,829)	19,373
Change in demographic assumptions	28,311	-
Experience gain/(loss) on defined benefit obligation	-	-
Actuarial gain/(loss) of the net assets/defined liability	(29,767)	36,588

Sensitivity analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	+0.0%	-0.1%
Present value of total obligation	508,450	519,748	531,215
Projected service cost	23,544	24,173	24,820
Adjustment to long term salary increase	+0.1%	+0.0%	-0.1%
Present value of total obligation	521,116	519,748	518,392
Projected service cost	24,177	24,173	24,169
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%
Present value of total obligation	529,808	519,748	509,912
Projected service cost	24,814	24,173	23,549
Adjustment to life expectancy assumptions	+ 1 Year	None	- 1 Year
Present value of total obligation	529,808	519,748	509,912
Projected service cost	24,814	24,173	23,549

Projected pension expense for the year to 31 July 2020

	2020
	£'000
Service Cost	24,173
Net interest on defined liability / (asset)	4,589
Administration expenses	113
Total loss / (profit)	28,875
Employer contributions	9,206

Notes to the Accounts

for the year ended 31 July 2019

33 Related Party Transactions

The University controls 100% of the voting rights of all subsidiary undertakings. Therefore the University has taken advantage of the exemption contained in FRS 102 (33.1A) and has not disclosed transactions or balances with entities that form part of the group and are included within these financial statements.

As at the year end, the University had an outstanding loan of £0.35m (2018: £0.35m) from BioCity Nottingham Limited. The loan is accruing interest at 1% above the Barclays Bank Plc base rate.

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arms' length and in accordance with the University's financial regulations and normal procurement procedures.

Mr B Fox and Ms S Walker-Smith, in addition to being University Governors/Trustees, were also members of the Board of Trustees of the Nottingham Trent University Students' Union. Transactions with a total value of £1.7m relating to block grant and other activities took place between the University and the Students' Union.

Organisations and companies in which members of Council or senior management have an interest

	Income from related party £'000	Expenditure to related party £'000	Balance due from related party £'000	Balance due to related party £'000
Taskscape Associates Limited	-	54	-	-

Taskscape Associates Limited is a company of which Professor E Simmons is a director.

The Director of Finance is a director of U.M.Association Limited, a company which provides insurance brokerage services to the university.

34 Transactions whereby University acts only as paying agent on behalf of a funding body

Funding body grants are available solely for students; the University acts only as the paying agent. The grants and disbursements are therefore excluded from income and expenditure statement.

	2019 £'000	2018 £'000
Learner support funds		
Education and Skills Funding Agency grants	82	70
Interest earned	-	-
	<u>82</u>	<u>70</u>
Disbursement to students	(69)	(55)
Balance unspent as at 31 July	<u>13</u>	<u>15</u>
Department for Education bursaries		
Department for Education bursaries	2,037	1,762
Interest earned	-	-
	<u>2,037</u>	<u>1,762</u>
Disbursement to students	(1,838)	(1,624)
Balance unspent as at 31 July	<u>199</u>	<u>138</u>

35 Events after the reporting period

As set out in Note 21 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This effect of this on the year end provision for the obligation to fund the deficit in the USS pension scheme would be a decrease of £1.87m, resulting in a provision of £2.88m. This adjustment will be reflected in the University's Financial Statements for the year ending 31 July 2020.